

Lao PDR Five-Year National Socio-Economic Development Plan (NSEDP)

Lao PDR formulates its national strategy for socio-economic development every five years, coordinated by the Ministry of Planning and Investment (MPI). The current 6th Plan (2006-2010) was drafted in a highly participatory manner; international development partners, the domestic and foreign business sectors and other stakeholders were given opportunities for comments on the draft during series of consultation meetings. The Plan, which integrates the country's PRSP, *National Growth and Poverty Eradication Strategy* (NGPES) and the **Millennium Development Goals (MDGs)**, was endorsed in the 8th Congress of the Lao People's Revolutionary Party in March 2006 and subsequently approved by the National Assembly.

The 6th NSEDP focuses, among others, on the continuation of the economic open-door policy, poverty reduction and achieving of the MDGs, human capital and institutional development, industrialization and modernization, **graduation from the LDC status by 2020**, and **economic growth from 7.5 to 8.0 percent**. Much emphasis is placed upon the reforms for economy and employment, expansion of investment and trade, and the promotion of the private sector. The 6th Plan sets the country's development directions as follows:

- (i) Turn from under-development to **fast and stable development**, producing high value-added goods both in quantity and quality step-by-step in order to meet domestic market demand and increase exports;
- (ii) **Increase competitiveness** and utilize comparative advantages to implement effectively international economic commitments in the frameworks of **ASEAN** and other bilateral and multilateral commitments, including the **WTO**;
- (iii) Strengthen **links between economic development and social development, and protect natural resources and the environment**. Social problems should be solved first, with attention paid to such issues as the reduction of poverty, unemployment and social evils, and keep the social and political situation stable; and
- (iv) Accelerate the building of a comprehensive **socio-economic infrastructure** and finalize the establishment of a market-oriented economy with socialist orientation to form the basis for industrialization and modernization.

To achieve the MDG target of reducing the proportion of people below the poverty line by half by 2015, NSEDP commits to poverty eradication and the promotion of equity among different groups of the Lao multi-ethnic population, for instance by ensuring the security of people and property against violence, destruction, theft and unexploded ordnance (UXO), food insecurity and protection against unforeseen calamities such as natural disasters. NSEDP envisages targeted interventions to be implemented in the 47 poorest and 25 poor districts to achieve more rapid reduction in poverty. Rural

development is at the centre of the government's development and poverty eradication efforts.

For enhanced transparency and accountability and increased **governance** capacity, the NSEDP aims to improve four main areas - public service improvement, people's participation, rule of law and sound financial management. The Government will continue to take concrete steps to achieve **gender equality** in all spheres by: supporting poor women's economic activities; improving their access to basic services such as education and health, and productive resources; involving women in local decision-making; and taking their needs into account in developing policies.

The total planned resource envelope for the 6th NSEDP is estimated at 73,900 billions of kip (or some US\$ 7.4 billion). The 2006–2010 plan assumes a high level of official development assistance and increased domestic and foreign investment. Of the “Public Investment” share amounting to a planned cumulative 23,100 billion kip over five years, ODA (including fixed capital investment, all technical assistance and general budget finance, etc.) is targeted at US\$ 1,785 million for the five year period (or an average of US\$ 357 million per annum). The Government envisages a significant rise in spending and an increase in revenue. The fiscal balance is projected to remain in deficit over the medium term. The ratio of external debt to GDP is forecast to stay high, in the 80–90% range. The export growth rate, reflecting commissioning of the Nam Theun 2 hydroelectric power project and the rising mineral sector, is projected at over 18% during 2006-2010.

The following is a chart indicating selected targets under the 6th NSEDP and the achievements made under the 5th plan period (2001-2005).

	Item	Sixth Plan (2006-2010)	Fifth Plan (2001-2005)
		Target	Achievement
1	GDP growth	7.5-8%	6.24%
2	Agriculture & Forestry sector	3-3.4%	3.4%
3	Industrial sector	13-14%	11.3%
4	Services sector	7.5-8%	6.7%
	Sector shares in GDP (2005)		
5	Agriculture & Forestry sector	36%	45.4%
6	Industrial sector	36.4%	28.2%,
7	Services sector	27.6%	26.4%
8	Exports growth	18.1%	7.0%
	Imports growth	8.8%	4.9%
9	Trade deficit as % of GDP	5%	9.4%
10	Inflation rate	6-6.5%	9.6%
11	Exchange rate		Kip appreciated by 7% per year against US dollar
12	Budget revenue as % of GDP	14.8%	13.6% (5-yr. average) 14.6% (in 2005)
13	Budget deficit as % of GDP (2005)	6.07% (5-yr. average) [5.8% in 2010]	7.4% (excluding arrears) [7.8% in 2005]
	Total investment as % of GDP	32% (5-yr. average)	27.8% (5-yr. average) [29% in 2005]

	Item	Sixth Plan (2006-2010)	Fifth Plan (2001-2005)
		Target	Achievement
15	Public investment as % of GDP (2005)	10.0%	12.3%
16	Private (domestic and foreign) investment as % of GDP	22.0% (5-yr. average)	15.5% (5-yr. average)
17	Total GDP (2005 current prices)		US\$ 2.8 billion
18	GDP per-capita (2005)	US\$ 700-750	US\$ 491
19	New jobs created each year	130,000	
20	Provide vocational training and skill development		100,000 labour
21	Total employed By 2010	3,366,000	
	Sector shares of employed	2010	2005
	Agriculture & Forestry	73.9%	76.6%
	Industrial Sector	9.3%	7.7%
	Services Sector	16.9%	15.6%
22	Total population (2005)	6.17 million (2010)	5.61 million (2005)
23	Population growth rate	1.91% (5-yr. average) [1.85% in 2010]	2.0% (5-yr. average) [2% in 2005]
24	Total fertility rate	3.9 in 2010	4.5 in 2005
25	Proportion of poor households (2005)	Less than 15% of total households	137,500 households (28.7% of total households)
26	Malnutrition among children under five (2005)	Less than 30%	
27	Primary school enrolment of 6-10 year olds (2005)	90.6%	84.2%
28	Lower secondary school enrolment (2005)		54.8%
29	Upper secondary school enrolment (2005)		34.4%
30	Higher education and universities enrolment (2005)		
31	Literacy among people 15 to 40 years old (2005)		
32	Life expectancy at birth (2005)	63.5 years	61 years
33	Infant (children under one) mortality (2005)	55 per 1,000 live births	70
34	Child (under-five) mortality	75 per 1,000	98
35	Maternal mortality	300 per 100,000	405
37	Access to clean water	70% of rural communities	
38	Forest cover	More than 50%	

Many of the above targets coincide with those for the MDGs and in the Brussels Programme of Action for Least Developed Countries (2001-2010).